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Subject: Types of Construction Work, and Their Share in the Total Value of State Construction, Section II - Industry, Capital Repairs, Engineering Construction, and Land Improvement.

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Subject: Types of Construction Work and Their Share in the Total Value of State Construction. [redacted]

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[redacted] Industry, Capital Repairs, Engineering and Land Improvements.

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5. The types of general construction.

The types of construction described in the preceding paragraphs:

Housing construction (new)

Social-cultural construction, commercial and office buildings

Capital housing repairs in towns and settlements

General rural construction or homestead construction

exhaust all general construction work implemented by the state enterprises by the contracting system.

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These are the construction works listed in the classification [redacted]

[redacted] They are listed in GUS statistics

as General construction works (Roboty Budowlane Ogolne).

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During the current period 1958-60, this work embraces about 46% of the total production of the state enterprises by the contracting system.

The Diagram on the next page shows the share of individual types of work in the entire construction-assembly production of the state enterprises, and in general construction works.

6. The share of industrial construction in the production of the construction industry in Poland.

The Industrial construction is the largest component in the production output of the state enterprises, as a result of the priority of industry in national state investments. Industrial construction work (excluding the purchase of machinery) is divided into construction and assembly work and their relation is 2 to 1 i.e., one third is assembly installation work and two thirds, all kinds of construction work.

This paragraph shows what part of the productive capacity of state enterprises is allocated for industrial construction. If we take the construction and assembly work together, industrial construction will take first place in the construction-assembly production of state enterprises.

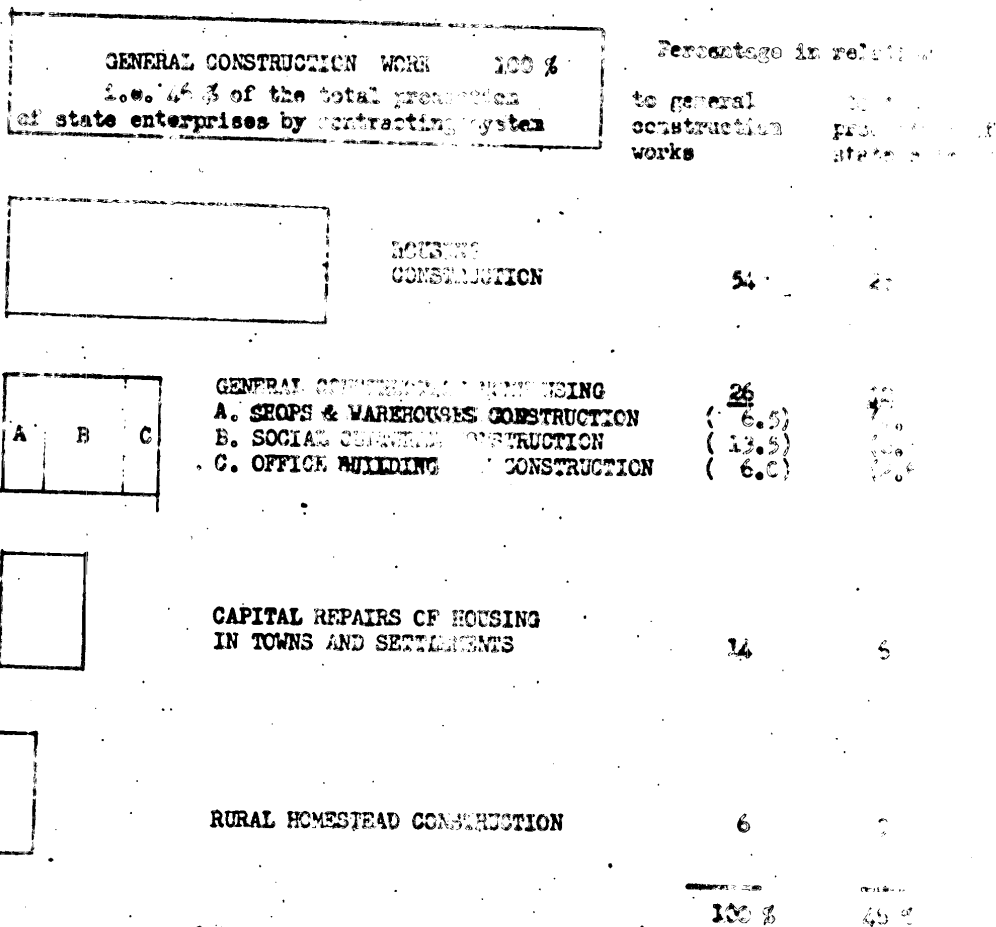
The share of industrial investments in total investments during the period 1950-65.

According to: - Small Statistical Yearbook 1958, p. 61

- GUS Communiqué about the implementation of National Plan for 1958, published in Trybuna Ludu on 10 Feb 1959

- Directives for development of Polish Peoples Republic economy during the period 1959-65 published in Trybuna Ludu 22 March 1959

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~~102~~ **CONFIDENTIAL****Diagram 1: GENERAL CONSTRUCTION WORK****CARRIED OUT BY THE STATE ENTERPRISES BY CONTRACTING SYSTEM****THE SET UP (ACTUAL FOR THE PERIOD 1987-1990)**

Horizontal lines in scale 100% equals 10 cm

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Total Investments (billion zlotys)	Industrial Investments (billion zlotys)	Percent 2 to 1
1	2	3

In 1956 prices

a/ Period 1950-56	245.4	105.3	42.0
b/ Year 1956	51.7	21.2	41.0
c/ Year 1957	54.1	21.9	40.5
approximate coefficient for conversion	1.17	1.11	

In 1958 prices

d/ Year 1958	67.5	25.6	37.9
e/ Year 1959	75.0	30.0	40.0
f/ Period 1956-60	345.3	134.6	39.0
g/ Period 1961-65	514.4	189.5	37.0

As ~~it~~ is seen ~~from above~~ the share of industrial investments drops from 42% during the Six Year plan period 1950-56 to 39% during the current Five Year Plan 1956-65 and it will go down to 37% in the next Five Year Plan 1961-65. However, the aim for industrialization, and the priority of the heavy industry are kept. The share of industrial investments in the total national investments is not synonymous with the share of construction-assembly industrial work in the construction-assembly production. As one of the previous reports stated, the construction-assembly work in total industrial investments amounts to about 58-61% of investment outlays for industry. Therefore it is quite easy to estimate the amount of construction-assembly work if the total sum of industrial investments is known. Accepting for the period 1950-55 the percentage of construction-assembly work for industry as 62%, and for the period 1956-65 as 58%, calculated below the ^{25X1} amount of construction-assembly work of the industrial investments by multiplying the figures from the previous table ~~and~~ by 0.60, or 0.58. Before that, it is necessary to reduce the investment outlays by 10% i.e., the costs of supervision, the expenses for the upkeep of a directorate of the enterprise under construction, costs of expropriation, etc.

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<u>In 1956 prices</u>	<u>billion zlotys</u>
a/ Period 1950-55	59.0
b/ Year 1956	11.0
c/ Year 1957	11.4
approximate conversion factor	1.11
<u>In 1958 prices</u>	
d/ Year 1958	13.3
e/ Year 1959	15.6
f/ Period 1956-60	71.0
g/ Period 1961-65	100.0

The statistical yearbooks give the construction-assembly production of the socialized enterprises, which include state enterprises, construction cooperatives and the state self management economic system as shown below.

The construction-assembly production of the socialized enterprises.

	Socialized Units	Of which state enterprises
	<u>Billion zlotys</u>	<u>Billion zlotys</u>
<u>1956 Prices</u>		
a/ Period 1950-55 according to <u>Statistical Yearbook</u> 1957, p. 179	134.3	119.8
b/ Year 1956 according to <u>Small Statistical</u> <u>Yearbook</u> 1958, p. 65	36.8	29.6
c/ Year 1957 according to <u>Small Statistical</u> <u>Yearbook</u> 1958, p. 65	38.5	31.1
<u>1958 Prices</u>		
d/ Year 1958 according to <u>Trybuna Ludu</u> from 4 April 1959, article by Topolski, and Sources' own calculations	40.0	33.0 ^s
e/ Year 1965 according to Sources' own calculations <i>and d</i>	70.0	

As already stated in ~~Chapter B, Part II, p. 70-71~~, the state construction-assembly enterprises are implementing only 70% of all construction work in Poland by the contracting system, and the rest is implemented by cooperatives, private contractors and by the state self management economic system. However, the state enterprises implementing 70-80% of all industrial construction work, most of the rest being done by the self management economic system, (System Gospodarczy).

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The share of industrial construction in the production of the construction-assembly enterprises in the contracting system.

	In 1956 prices		1958 prices	
	Period 1950-55	Year 1956	Year 1957	Year 1958
	Billion zlotys			
a/ Construction-assembly work in industrial investments	59.0	11.0	11.4	13.3
b/ Of which the state enterprises implemented by contracting system, percent	75%	72%	70%	70%
c/ The above paragraph b/ in billion zlotys	44.5	7.9	8.0	9.3
d/ Capital repairs in industry implemented by the contracting system	4.5 ^s	1.4 ^s	1.4 ^s	1.4 ^s
e/ Total para c/ plus d/	49.0	9.3	9.4	10.7
f/ Total construction-assembly production of state enter- prises, including housing and engineering construction	119.3	29.6	31.1	32.4
g/ The percent of e/ from f/	41.0%	31.0%	30.0%	33.0%

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The share of construction-assembly work in the state enterprises production by the contracting system, as well ^{as} investments for capital repairs implemented by contracting system, amounted during the period 1950-55 to about 41%. Afterwards it went down, and in the current 1956-60 Plan amounts to 30-33%. However, at present in connection with some increase of outlays for mining of ores and mining industrial work which is included in industrial construction by GUS statistics the share of industrial construction in the production of the state enterprises amounts to 33%.

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The Statistical Bulletin No 8, 1958 gives the following data for the year 1956 and 1957:

The share of the industrial construction- assembly construction in the basic production of the state construction-assembly enterprises amounted:

	<u>in 1956</u>	<u>in 1957</u>	<u>in 1957</u>
	<u>in 1956 prices</u>	<u>in 1957 prices</u>	
	<u>billion zlotys</u>		
a/ Total production of the state enterprises	29,581	31.085	36.947
Industrial construction:			
b/ construction work	6.175	6.855	
c/ assembly work	3.028	2.140	
The percentage share of the industrial construction in the total production			
d/ b/ to a/ construction work	20.9%	22.1%	22.7%
e/ c/ to a/ assembly work	10.2%	6.9%	6.5%
f/ The share of the industrial construction, both construction and assembly work in relation to the total production	31.1%	28.9%	29.2%

The above table shows that the industrial construction (investments plus capital repairs) amounted in 1956 to about 31%, and in 1957 about 29%, of the assembly construction production of the state enterprises. These figures are in general in accordance with the ^{UNCODED} calculations on the previous p. 5. 25X1

Only the percent 29.2% in 1957 in the official statistics is a little lower, which may be caused by the fact that more industrial work was done by the self management economic system.

The Statistical Bulletin No 5, 1959, gives on p. 20, actual figures for the year 1958 which are shown in the Table ~~on this page~~ below. The Main Statistical Administration (GUS) for the first time gives mining construction separately. Before it was hidden in industrial, engineering or assembly construction. These mining construction projects amount to 4.6% of the total production of the socialized construction-assembly enterprises in 1958. A part of these mining constructions are industrial and part are of the engineering type. The source assumed from experience that the mining constructions of the industrial type consume about 3% of the state socialized enterprises production and the rest i.e., 1.6% mining constructions of the engineering type.

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BASIC CONSTRUCTION ASSEMBLY PRODUCTION OF THE SOCIALIZED CONSTRUCTION ASSEMBLY
ENTERPRISES BY TYPES OF CONSTRUCTION in 1958 in million zlotys:

Total	40,446.9
The percentage of the total production:	
General construction	45.5%
of which housing construction	25.1%
Special Construction	47.8%
of which: industrial construction without mining construction	21.9%
mining construction	4.6%
civil engineering construction	12.2%
hydraulic engineering construction without melioration of land	1.9%
melioration of land	2.4%
Assembly construction	6.7%
of which assembly of steel construction	1.1%

The statistical data quoted show that:

Industrial construction (excluding mining construction) amounts to	21.9%
Assembly construction	6.7%
Mining construction	4.6%
of which: industrial type	3.0%

Total industrial construction 31.6%

So in 1958, industrial construction accounted for about 31.6% of the output of socialized construction-assembly enterprises, which amounted to about 33% of the total production of state enterprises.

This figure is in accordance with the Sources' calculations shown in diagram V on p. 29.

Conclusion: In the current plan, industrial construction amounts to about 33% of the construction-assembly production of the state enterprises by the contracting system, and the state enterprises implement about 70% of the total industrial construction in Poland. Assembly work amounts to from one quarter to one third, averaging 28% of the total industrial assembly and construction work.

The main contractors of industrial constructions in Poland are the enterprises subordinated to the Ministry of Construction and Building Materials Industry. They don't implement the capital repairs of factories because there are separate repair-assembly or repair-construction enterprises created by

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individual industrial ministries for this purpose. Some industrial mining construction work is also carried out by enterprises subordinate to the Ministry of Mining. Between 60-70%, the average about 66%, of industrial investments are carried out by the Ministry of Construction therefore the ^{Diagram} ~~Table~~ on p. 12, can show the amount of the industrial construction work implemented by the Ministry of Construction and Building Materials Industry (77%). Since during the period 1950-55 about 70% of industrial investments were implemented by the Ministry of Construction, and in 1956, 1957 and 1958 about 66%, we obtain the total value of industrial construction work of this ministry as:

1950-55	3/3.5	billion zlotys in 1956 prices
1956	5.4	" " " "
1957	5.4	" " " "
1958	6.2	" " " "

In the years 1956-58 this amounted to about 33% of the production of the Ministry of Construction, and this percentage will remain for the next few years. The rest of industrial construction, i.e., 23%, was implemented by the Ministry of Mining and Electric Power (as discussed later).

7. Capital repairs, excluding housing.

The plan of capital repairs is approved by PKPG in an integrated form, the sums are allocated to each ministry and the ministries divide them between individual projects and work.

Basically this system of planning is very illogical and impractical. The funds for capital repairs are the results of depreciation and replacement rates, and should be left for the decision of the director of an enterprise. There are two reasons however, why the capital repair plan is controlled comprehensively by the central authority: First of all there is no inventory of capital assets in Poland and replacement rates are more or less discretionary. Secondly there is a shortage of materials and spare parts in Poland and for this reason the State Economic Planning Commission allocates less for capital repairs than actually needed. Finally, a part of the replacement sums is used for other purposes, e.g. for investments, for increase of stocks etc.

The sums allocated for capital repairs in Poland excluding capital repairs of housing as described according to Small Statistical Yearbook 1958, p. 62 amounted to:

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in 1955	billion zlotys in 1956 prices	6.48
in 1956	" " " "	7.0
in 1957	" " " "	8.49
in 1958	" " 1958 prices	10.3 <u>Trybuna Ludu</u> 27 Feb 1959.

According to a general estimate, 30% of these outlays are used for the purchase of spare parts, and construction-assembly work consumes the rest. Therefore the value of all capital repair contracts within construction-assembly work amounted:

in 1955 to 4.5 billion zlotys in 1956 prices
in 1956 to 4.9 " " " "
in 1957 to 5.9 " " " "
in 1958 to 7.4 " " in 1958 "

The larger part of these capital repairs are carried out by the self management economic system, and only about 30% by the contracting system. According to estimate, the following amounts were implemented by contracting system: 25X1

in 1955	1.3 billion zlotys in 1956 prices
in 1956	1.5 " " " "
in 1957	1.7 " " " "
in 1958	2.2 " " in 1958 prices

Almost all capital repairs implemented by the contracting system are industrial repairs. The large industrial ministries created their own repair-construction or repair-assembly enterprises in order to secure quick and special repairs in their factories and to be independent of alien contractors. Below are listed some of the more important state repair enterprises in Poland:

Metallurgical Establishment Repair Enterprise (Hutnicze Przedsiębiorstwo Remontowe)

subordinate to the Ministry of Heavy Industry;

Repair Construction Enterprises for Light Industry (Przedsiębiorstwo Remontowo-budowlane Przemysłu Lekkiego), which have five branches;

Repair-Construction Enterprise for Paper and Cellulose Industry (Przedsiębiorstwo Remontowo-Budowlane dla Przemysłu Papierniczego i Cellulozowego);

Lodz Repair-Assembly Enterprise for Food Industry (Lodzkie Przedsiębiorstwo Remontowo-Montazowe Przemysłu Spożywczego);

Repair-Assembly Enterprise for the Ministry of Domestic Trade (Przedsiębiorstwo Remontowo-Montazowe Ministerstwa Handlu Wewnętrznego);

Assembly-Repair Enterprise for Chemical Establishments "Montochem" (Przedsiębiorstwo Montazu i Remontu Urządzeń Chemicznych Montochem);

Repair Enterprise for Mills and Bakery Establishments of the Ministry of

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Agricultural and Food Industry (Przedsiębiorstwo Remontu Urządzeń Młynarsko
Piekarniczych Ministerstwa Przemysłu Rolno-Spożywczego).

Besides these large repair enterprises [] there are 25X1
several smaller ones, and almost every industrial branch tried to organize its own
repair enterprise. The share of these enterprises in the total production of
state enterprises by contracting system amounted to 5%, remained on this level for
several years, and will probably not be changed.

8. Mining and transmission net construction.

The mining investments for coal and ores consume about 20% of the
industrial investments. In 1957 these investment outlays amounted to about 4.2
billion zlotys. About 65% of this was construction-assembly work, i.e., about
2.7 billion zlotys. This was industrial and engineering work.

In 1957, about 1.3 billion zlotys were used for engineering work, about
1.0 billion for industrial work, and about 600 million zlotys for various work such
as general construction and geological work, which will be described in the section
on Various Work. In GUS statistics this mining work is divided between those which
will be described in Various Work, and other types of work, and are not separated.
However, in planning by the PKPG, they are separated because they are carried out
by various industrial ministries.

The Ministry of Mining and Electric Power carries them out by the Central
Administration of Coal Mining Construction and by Gas and Petroleum establishments
construction enterprises for about 2.3 billion zlotys. Other ministries, such as
Ministry of Heavy Industry and Ministry of Chemical Industry, construct about 250
million zlotys worth of projects for mining.

The Central Administration of Coal Mining Construction is the second
largest building contractor in Poland. It controls about 14 construction enter-
prises and produced, also in its own brick plants, 300 million bricks yearly.

Similarly the construction of electrical hightension network is carried
out by the Ministry of Mining and Electric Power for about 150 million zlotys
yearly; it is also divided in the official statistics among various types of work
and is difficult to separate out because it is relatively small, about 0.6% of the
total construction production of the state contracting enterprises subordinate
to Ministry of Construction and to the Ministry of Mining and Electric Power.
Finally, electrical network construction for electrification of villages is
included in agricultural statistics, although from a technical point of view, it
does not belong to agricultural work.

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Finally, geological and geodetic construction work is included in official statistics mainly in general industrial construction. In diagrams prepared for this study [redacted], these elements are taken into account in the section "Various Construction Work." Instead in the group Industrial and Engineering construction, [redacted] marked in diagrams clearly how much is the industrial type of construction, deriving from mining and the electric network, and how much is of the engineering type of construction. 25X1

9. Types of industrial construction.

The preceding groups of industrial construction described in this part, Industrial construction, Capital Repairs of industrial establishments, the industrial part of the mining and electric network construction exhaust all types of industrial construction in Poland. These are the construction works listed in the Classification in para 4, 17, 27 and industrial part of para 14, 15, 16, 18, 19, 20, 21 and 22 (see *report 9 of this series, pp 6-8*). ~~Chapter B, Part III, p. 1~~.

In GUS statistics this construction work is given as Industrial Construction and Assembly work. In the current period 1958-60, it amounts to 35% of the total production of the state enterprises implemented by the contracting system. The diagram on the next page shows the main contractors of industrial construction in Poland.

The Ministry of Construction implements industrial construction, concentrating on factories.

The Ministry of Mining and Electric Power implements industrial construction connected with mines, and gas pipe lines, and in a small part, electrical high tension transmission lines. The Ministry of Heavy Industry constructs projects connected with ore mining; the Ministry of Chemical Industry carries out the mining of sulphur, but the surface installations are built by the Ministry of Construction. Altogether, the ministries of mining, heavy industry, and chemical industry implement about 20% of industrial construction. The capital repairs of factories and mines are implemented in Poland either by self management economic system or by special repair enterprises created by industrial ministries. The repairs implemented by these enterprises amount to 14% of the total production of state enterprises by the contracting system.

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DIAGRAM II. INDUSTRIAL CONSTRUCTION WORK IMPLEMENTED BY THE STATE ENTERPRISES BY CONTRACTING SYSTEM
THE SET UP ACTUAL FOR THE PERIOD 1957 - 1960

INDUSTRIAL CONSTRUCTION WORK 100 %		Percentage of industrial construction total production of state enterprises	
A. Industrial construction	B. Assembly		
		100 %	33 %
		A. Industrial con (72)	(24)
		B. Assembly con. (28)	(9)
CARRIED OUT BY THE MINISTRY OF CONSTRUCTION 66 %	FACTORIES BUILT BY THE MINISTRY OF CONSTRUCTION	66	22
	INDUSTRIAL CONSTRUCTION CONNECTED WITH MINING, CARRIED OUT BY THE MINISTRY OF MINING, HEAVY INDUSTRY & CHEMICAL INDUSTRY	20	6.5
	INDUSTRIAL CAPITAL REPAIRS CARRIED OUT BY THE REPAIR ENTERPRISES OF THE INDUSTRIAL MINISTRIES	14	4.5
		100 %	33 %

Horizontal lines in scale :100% of the industrial construction work equals 10mm

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10. The share of engineering construction in the production of the state construction enterprises.

Engineering construction work is connected mainly with the investments in transportation and communication and also in the communal economy. It is also in industrial construction e.g. railway and road net on the factory grounds, in mining construction, and even in the construction of housing settlements e.g. streets inside the settlement.

A strict separation is, of course, impossible. However, the transportation investments such as railroads, roads, bridges, inland waterways, hydrological and ports construction, communication investments such as laying of long distance cables, and communal investments such as long distance aqueducts, sewer systems, etc. are essential for this type of construction. The small and short water and sewer links to the main collectors are included in urban and settlement construction.

The table on the next page shows outlays for transportation and communal economy during the period 1950-58 and planned for 1959-65. The period 1950-57 is given in 1956 prices and 1958-65 in 1958 prices. The changes of prices has a very limited influence on percentage and the scope of engineering construction in the total investment outlays, and in the total production of the state enterprises, therefore, it is not worth while to make the conversion.

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~~Share~~ The share of outlays for transportation, communication and communal economy in national investments during the years 1950 - 1965.

Conversion factor added

	Total investments	Outlays for trans- portation communica- tion	Outlays for the communal economy	P e r c e n t		
				2 to 1	3 to 1	total
	B i l l i o n s l e t y					4+5
	1	2	3	4	5	6
<u>In 1956 prices</u>						
a/ Period 1950-1955	245.3	30.2	6.8	12.3	2.8	15.1
b/ Year 1956	51.7	4.6	1.4	8.8	2.7	11.5
c/ Year 1957	54.1	5.0	1.5	9.3	2.8	12.1
<i>Approximate conversion factor</i>	1.17	1.22	1.22			
<u>In 1958 prices</u>						
d/ Year 1958	67.5	6.2	2.0	9.1	3.0	12.1
e/ Year 1959	75.0 ^B	6.7 ^B	2.7 ^B	9.0 ^B	3.6 ^B	12.6 ^B
f/ Period 1956-1960	345.3	31.0	14.0	9.0	4.0	13.0
g/ Period 1961-1965	514.4	46.7	22.4	9.1	4.3	13.4

Sources: Years 1950-1957 Small Statistical Yearbook 1958 page 61

Para d/ GUB Communiqué on implementation of the 1958 yearly plan

Para e/ Trybuna Ludu ^{of} from 8 February 1959

Para f/and g/ Directives for economic development of the Polish Peoples Republic, published in Trybuna Ludu on 22 March 1959.

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The investments for transportation and communication consist of several paragraphs [] the approximate outlays for 25X1 the most important constructions in 1956.

	1956	1959 1958 prices
a/ Investments for transportation and communications		
Total in billion zlotys in 1956 prices	4.6	6.7
of which:		
b/ Purchase of Railroad rolling stock, (trucks and) automobiles <i>x trucks</i>	1.0 0.7	
c/ Purchase of river and sea craft	0.2	1.1
d/ Construction of railroad lines	0.3	
e/ Expansion of railroad stations	0.5	
f/ Electrification of railroads	0.3	1.0
g/ Roads and airfields	0.6	
h/ Road and railroad bridges	0.2	
i/ Ports	0.1	
j/ Inland waterways	0.2	0.5
k/ Other not specified, including research, surveys, etc.	0.5	4.1

[] listed for the year 1959 only those items for which there is 25X1 a large increase of investment outlays. It can be seen from this table that after subtraction of purchases of rolling stock and craft, about 2.7 billion zlotys i.e., about 59% of outlays remain for the construction-assembly work. It is estimated that in 1959 the construction-assembly work will consume 50% of outlays because more money is allocated for river and sea craft and for automobiles, trucks, and buses than in previous years, i.e., about 3.4 billion zlotys.

[] the same breakdown for communal investments. 25X1

The Statistical Yearbook 1957 gives, on p. 182, for the year 1956 in 1956 prices

Communal economy -total investment outlays 1.378 billion zlotys

of which:

Water supply	0.339
Sewers	0.151
Streets and bridges	0.163
Municipal transportation	0.299
Not specified	0.426

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[] the expenses for transportation (buses, etc.) and 25X1
for purchase of machinery and equipment for pump stations, laundries, purification installations etc. at 300 million zlotys in 1956. In this way the construction-assembly work takes about 78% of the total investment outlays for communal economy.

The same proportion should also be accepted for the year 1959 i.e., of 2.7 billion zlotys in 1958 prices, about 2.1 billion for construction-assembly work. Within the increase of communal investments during the period 1959-65, new water supply systems, sewer systems, ^{and gas works} will be built in several towns which do not yet have these installations.

During the convention of the Polish Union of Construction Engineers and Technicians, which took place in Krakow in May 1959, the following data were published according to Trybuna Ludu of 26 May 1959:

a/ Gasworks.

The consumption of gas by the population will increase from 2.75 billion cubic meters in 1958 to 5.0 billion cubic meters in 1965. 109 towns which do not have gasworks will receive new gas manufacturing and supply installations. The total number of towns possessing a gaswork system will increase to 415 in 1965. The yearly investment outlays for this purpose will amount, during these seven years, to about 0.5 billion zlotys.

b/ Water supply systems.

90 towns will receive new water supply systems and by 1965, about 600 towns in Poland will have water supply by means of pipelines, reservoirs, etc. Only 213 villages in Poland have a water supply system at present. It is foreseen that their number will increase in 1965 to 1,000 villages.

c/ Sewers.

Only 502 towns and settlements, of the total 832, in Poland have sewer systems. It is planned to construct sewer systems for a further 80 towns. 59 new clearing and purification installations will be built. At present, Poland has 217 purification installations, of which only 155 are in operation.

d/ Municipal thermal electric power plants.

Only the two largest towns in Poland, Warszawa and Lodz, have part of the supply of hot water and steam for heating purposes from thermal electric power plants. During the 1959-65 period a further 15 towns will receive such installations.

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It is planned to spend for the above purposes listed under a/b/c/d during the period 1959-65, 14.560 billion zlotys i.e., five times more than was spent during the years 1944-58. [] this is about 48% of the total^{25X1} investment outlays for communal economy during this period.

The realization of these plans is not certain because of existing difficulties and shortage of water supply and sewer pipes; however, [] 25X1
[] about 85% of the above described plan will be implemented. 25X1

In this way from the two investment sources -- transportation and communication and communal economy -- the outlays for construction-assembly work of the engineering type amounted in 1956 in 1956 prices to 3.8 billion zlotys
in 1959 in 1958 prices to 5.5 " "

However, the amount of engineering construction is about 30% greater than shown here because of the construction of streets in settlements (counted in housing economy) railroad sidings, and roads in factories, etc. For this reason the volume of engineering construction, civil engineering and hydrological construction should be estimated as follows, because of the mining engineering and electric transmission construction counted by GUS in engineering work

in 1956 in 1956 prices about 4.9 billion zlotys

in 1959 in 1958 prices about 7.0 " "

About 90% of this is implemented by the contracting system by state enterprises and the rest by the self management economic system. This means that in 1956 the state enterprises implemented about 4.4 billion zlotys in construction engineering ~~for 4.4 billion zlotys~~, which was about 15% of their total production. In 1959, engineering construction will amount to 17% of the total production of 41 to 42 billion zlotys.

The Statistical Yearbook 1958 p. 67 gives:

		1956	1957
		<u>Billion zlotys in 1956 prices</u>	
a/ Construction-assembly production of the state enterprises	Total	29.6	31.1
b/ Of which civil and hydrological engineering		4.46	5.02
c/ Percent b/to a/		15.1	16.2

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Conclusion: Engineering construction amounts at present, to about 16% of the state construction-assembly enterprises production by the contracting system. At least 70% of this is connected with transportation, communication, and communal economy investments. These investments (transportation, communication and communal economy) amount in the current Five Year Plan 1956-60 to about 13% of the total investments. This proportion will remain until 1965. 25X1

The contractors of engineering construction.

a/ The main contractor is the Ministry of Transportation (Ministerstwo Komunikacji) to which are subordinated: (1) The Central Administration of Railroad construction which controls nine enterprises, State Railroad Construction Enterprises (Panstwowe Przedsiębiorstwo Robot Kolejowych-PPRK), (2) Administration of Road construction which controls four Road Construction Enterprises (Przedsiębiorstwo Robot Drogowych-PRD).

In 1957 according to plan, about 1.600 billion zlotys for PPRK and about 0.300 billion zlotys for PRD were allocated. The Ministry of Transportation was responsible for 1.900 billion zlotys, i.e., about 38% of engineering construction.

b/ The next contractor was the Ministry of Construction and Building Materials Industry. ^{To} ~~This~~ this ministry are subordinated: (1) Central Administration of Civil Engineering which controls four enterprises; (2) Central Administration of Hydraulic Engineering Construction which controls 10 enterprises, which have various branches and departments totalling 18 units. The Central Administration of Civil Engineering Construction (Centralny Zarząd Budownictwa Lądowo Inżynieryjnego-CZ BLI) was to build airfields and petroleum depots for about 400 million zlotys, and the Central Administration of Hydraulic Engineering Construction (Centralny Zarząd Robot Inżynieryjno-Wodnych-CZR IW) was to build reservoirs, canals, shore and port installations, etc., for about 900 million zlotys. The Ministry of Construction and Building Materials Industry was responsible, in 1957, for 26% of the engineering construction plan.

c/ In 1957 the Ministry of Communication implemented, through the subordinate Central Administration of Communication Construction (Centralny Zarząd Budownictwa Łączności), cable, communication network, and assembly construction ^{worth} ~~with~~ about 900 million zlotys. This work was not of the pure engineering type, according to PKPG classification they were included in a

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separate group of investments, the so-called "network" (see para 16 in the above mentioned classification), but GUS did not introduce this definition and in its official statistics put this construction mainly into the group "Engineering Construction." The Ministry of Communication was responsible for 4% of engineering construction in 1957.

d/ The Ministry of Shipping implemented through its subordinate Enterprise for Dredging and Underwater Work (Przedsiębiorstwo Robot Czerpalnych i Podwodnych-PRC i P) in Gdansk work connected with dredging of port basins. The plan for 1957 involved construction projects of 50 million zlotys (para 9 of the classification). In addition, the Ministry of Shipping was responsible for some regulation of rivers and waterways but the most important constructions on rivers were done by the Ministry of Construction. The Ministry of Shipping was responsible in 1957 for about 100 million zlotys for engineering construction, i.e., for about 2%.

e/ The Ministry of Communal Economy implemented through subordinate Enterprises for Water supply and Sewers (Przedsiębiorstwo Wodociągów i Kanalizacji) and through Road Repair Construction Enterprises (Przedsiębiorstwo Drogowo-Remontowe) an amount of this type of construction (see para 13 of the classification) in 1957 of about 150 million zlotys. (The more important water supply and sewer systems are built by the Ministry of Construction.) On the whole, the Ministry of Communal Economy was responsible in 1957 for 3% of engineering construction.

f/ The Ministry of Mining and Electric Power implemented through the subordinate Central Administration of Coal Mining Construction (Centralny Zarząd Budownictwa Węglowego-CZBW) and enterprises for petroleum and gas installation construction, the majority of mining and transmission network construction. As already explained, GUS does not separate these constructions in the official statistics, and for that reason mining construction (para 18, 19, 20, 21 and 22 of the classification) is included in GUS statistics in industrial construction and in engineering construction. Also the electrical transmission network (para 14, 15, 16 and 17 of the classification) are in GUS statistics divided, and mixed in industrial and engineering construction. The engineering and industrial construction work are regarded by GUS together as "special constructions" (Specjalne budowle) and for this reason the nomenclature used by GUS confuses the whole picture very much.

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That part of mining construction which had an engineering character amounted to about 1.350 billion zlotys in 1957, and was implemented mainly by the Central Administration of Coal Mining Construction -- 1.0 billion zlotys, i.e., about 20% of all engineering construction built by state enterprises by contracting system; by the gas and petroleum installation construction enterprises about 100 million zlotys (i.e., about 2%), and by the Ministry of Heavy Industry, Ministry of Chemical Industry by their ore mining construction enterprises. These two last ministries are responsible for implementation of about 250 million zlotys i.e., 5% of engineering construction.

The diagram on the next page shows graphically how these individual ministries share in engineering construction implemented by the contracting system on the basis of data for the year 1957 which the Source remembers exactly. There are no major changes at the present time in this percentage breakdown, and for that reason the diagram shows accurately the actual system for 1958-60 in engineering construction.

Summing up can be stated:

a/ Engineering construction in Poland amounts to about 17% of all investments. Construction investments for Transport, communication and communal economy embrace 13%, and the remaining mining and transmission network engineering construction takes about 4% of the total investments.

b/ These engineering constructions are 90% implemented by contracting system. The rest by self management economic system.

c/ The engineering construction represent about 16% of the construction-assembly production of the state enterprises.

d/ The main contractors of ^{this} ~~these~~ engineering construction are:

Ministry of Transportation which implements 38% of all construction work.

Industrial ministries as:	Ministry of Mining and Electric Power) which all) together) implement) 26%
	Ministry of Heavy Industry	
	Ministry of Chemical Industry	

Ministry of Construction and Building Materials Industry which accounts for 26%.

e/ Smaller contractors are:	Ministry of Communication	4%
	Ministry of Communal Economy	3%
	Ministry of Shipping	2%

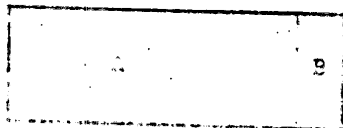
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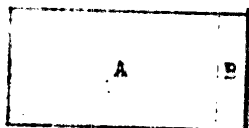
THE RESEARCH OF ENGINEERING CONSTRUCTION OF THE INDUSTRIAL ENTERPRISES

AN INVESTIGATION BY CONTRACTING SYSTEM IN CONSTRUCTION ENTERPRISES

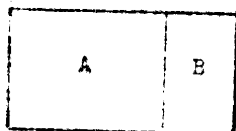
THE ENGINEERING CONSTRUCTION IN 1967 5 billion zlotys

i.e. 15 % of the total production of the state enterprises
by contracting system

MINISTRY OF TRANSPORTATION 1.2 billion zlotys
 A. Central Administration of Railways
 1.0 billion zlotys i.e. 83 %
 B. Road Construction Enterprises
 0.2 billion zlotys i.e. 17 %



MINISTRY OF MINING AND GEOLOGICAL RESEARCH 1.0 billion zlotys
 POLISH POLYMER OF HEAVY CONSTRUCTION
 NORTH ENGINEERING AND TRANSPORTATION
 ENGINEERING CONSTRUCTION 1.25 billion zlotys
 i.e. 25 % zlotys of 1.0 billion



MINISTRY OF CONSTRUCTION AND PUBLIC UTILITIES
 INDUSTRY 1.3 billion zlotys i.e. 13 %
 A. Central Administration of Hydro-Electricity
 0.9 billion zlotys i.e. 13 %
 B. Central Administration of Civil Engineering
 construction 0.4 billion zlotys i.e. 8 %



MINISTRY OF COMMUNICATION - 0.2 billion zlotys
 i.e. 4 % Contractors: Central Administration
 of Communication Construction



MINISTRY OF COMMUNAL ECONOMY - 0.1 billion zlotys
 zlotys i.e. 3 %



MINISTRY OF SHIPPING - 0.1 billion zlotys
 i.e. 2 % Contractor: Enterprises
 Dredging and Underwater Work

Scale : horizontal line 1 billion = 3 cm = 20 %

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f/ This situation is valid for the years 1957-60. No major changes are expected during the period 1961-65. Some, but not large, increases in communal investments, inland waterways, and ore mining can be expected, so the share of the engineering construction may increase from the present 17% to 18% of the total investments in Poland.

11. Land reclamation for agriculture.

Land reclamation work represents a special category (in the classification group V ~~on p. 55~~) because of the technical specification of this work. The outlays for reclamation of land in Poland are very low and the economy of meadows and cultivation is one of the most neglected. The prewar irrigation and drainage installations in the Western territories were neglected, the canals slimy, the pumps destroyed, and only since 1958 are they slowly being improved.

For land reclamation and improvement 826 million zlotys were spent in 1956, i.e., about 1.6% of the total investments in Poland. (See Statistical Yearbook 1957 p. 182). During 1956-58, 2.7 billion zlotys, i.e., about 900 million zlotys yearly, were spent.

Some improvement was planned for 1959, and 1.346 billion zlotys in 1958 prices were allocated ~~for~~ and for the entire seven year period 1959-65, 13 billion, i.e., about 1.860 billion zlotys yearly, were to be invested according to Trybuna Ludu of 7 April 1959. In this way the share of land improvement and reclamation will increase during the period 1961-65 to about 2% or 1.6 billion yearly, which is still very little. About 95% of the work is implemented by the Central Administration for Land Reclamation, and the rest by the so-called volunteer "social work" by peasants. Land reclamation and improvement work amounts to about 2.5-2.7% of the total production of state enterprises by the contracting system. An increase to 3% can be expected during the period 1961-65.

The II Plenum of the C C PZPR which took place on 22-24 June 1959 voted to increase the outlays for melioration of land for cultivation. According to Trybuna Ludu, published on 24 June 1959, p. 4 Gomulka stated:

....."After reiterated consideration of needs and possibilities for melioration, the Political Bureau suggests an increase in the program of work for land improvement for agriculture for the period 1961-65, and the allocation of more than 17 billion zlotys for this purpose, which ^{is} a tripling of outlays over the current Five Year Plan. In comparison with the directives issued by the III Party

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These investments are amortized in five to six years." It should be added that even this increased program will not be able to compensate for the years of negligence. [] the true facts about this negligence were 25X1 announced publicly for the first time.

The materials given by Gomulka show:

	<u>Arable land</u>	<u>Meadows & Pastures</u>	<u>Total</u>
	<u>in million hectares</u>		
a/ Total area	16.0	4.2	20.2
b/ Area requiring melioration	7.0	3.5	10.5
c/ Of which:			
area requiring drainage	4.2	-	4.2
area drained by open ditches	2.8	-	2.8
d/ Area already meliorated in Poland	3.5	1.5	5.0
Of which:			
by drainage system	2.4		
by open ditches	1.1		
e/ From the existing system needs reconstruction:			
draining	1.5	0.5	2.0
open ditches	0.6		
	0.9		
f/ Total melioration needs (b-f-e-d, new and reconstruction)	5.0	2.5	7.5
g/ The plan foresees:			
new draining	0.12		
reconstruction of drainage	0.6		
melioration of meadows & pastures			
new		0.5	
reconstruction		0.3	
h/ Total melioration plan (sum from g)			1.52
i/ In proportion to the existing needs the new melioration plan covers (h to f, 1.52)			20.0%

As one can see even this increased Land Reclamation and Improvement Plan (Plan Melioracji) covers only about 20% of the existing needs.

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Remark:

In connection with this change of land melioration plans in the Diagram V on p. 29, a small correction should be made or a remark inserted saying that according to the new plan issued in June 1959 the percentage should be as follows:

Land melioration	4% instead of 3%
Various	1% instead of 2%

The new land melioration program has only a little influence on the current 1958-60 construction production program illustrated in the diagram.

The Polish government understands that further one-sided expansion of giant construction enterprises is unreasonable. On the other hand the government does not want the state construction industry share in the total construction production to decline and is not willing to create a properly equipped private and cooperative construction sector, although the Economic Council has advised it. It seems that the present percentage shown in the diagrams which are based on 1957 data will remain for some time.

The production of building materials and prefabricated elements -- the so-called industrial production of state construction enterprises -- is not shown in the diagrams because this is not counted as construction-assembly production in Poland. The value of this production amounted to about 2.903 billion zlotys in 1956, i.e., about 10% of the construction-assembly production. It is expected that this proportion will remain on the same level in the future.

12. The share of various types of construction in the production of the state enterprises by the contracting system.

It should be remembered that the contracting system of the state enterprises embraces only 70% of the construction production in Poland. Also the auxiliary production of the state enterprises is not included in that. This separated auxiliary production is industrial and not construction production, because it is simply production of building materials.

Two diagrams are included:

The first on p. 28, shows a division of production of the state enterprises in 1957 according to statistical data contained in the Small Statistical Yearbook 1958, on p. 65, broken down into six groups.

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The second on p. 24 shows the actual structure of construction work as it is according to the latest data for the year 1958, and plans for 1959 and 1960 as well as can be defined from the Directives for economic development of the Polish Peoples Republic approved by the III Party congress in March 1959. This second diagram is more precise and takes into account 12 groups of construction work.

There is no great difference between the two diagrams, and the main changes are the result of new long term plans as follows:

a/ Housing construction amounted to 23.7% in 1957

At present and for the next few years, it will amount to 25%.

The actual volume of Housing construction is increasing much more than this small increase seems to indicate; however, this reflects a large increase in housing construction by the cooperative and private sectors, but not by the state contracting system.

b/ Industrial construction amounted to 27.6% in 1957, and at present is 33%. This big difference results from the fact that the year 1957 was a year of some stagnation in industrial construction, and differs in this from the preceding and following years. Secondly, there is at present some return to industrialization, and for this reason the 33% will be retained in the next period.

c/ Engineering construction in 1957 amounted to 15% and at present is 16%, mainly because of the increase in communal and hydraulic construction. However, road and railroad construction remain relatively at the same level.

d/ Land reclamation and improvement work are increasing from 2.7 to 3%.

e/ All these increases are going on^{at} the cost of the general construction, excluding housing, which amounted in 1957 to 20.3% and at present has fallen to and will remain in the next years at 12%. If the "Various Works" are added in the second diagram to general construction, which could reasonably be done, it will rise to 14%. The decline of general construction work excluding housing construction is the result of a decrease of outlays for shops, warehouses, and office buildings and also from more a detailed breakdown in the second diagram.

g/ A characteristic difference is also the decrease of own investments of the construction industry from 3.2% of total investments during the years 1950-55 to 2.2% during the years 1961-65. However, this change is not visible in the diagrams. It belongs to the group of industrial construction where it is balanced by an increase in outlays for the building materials industry.

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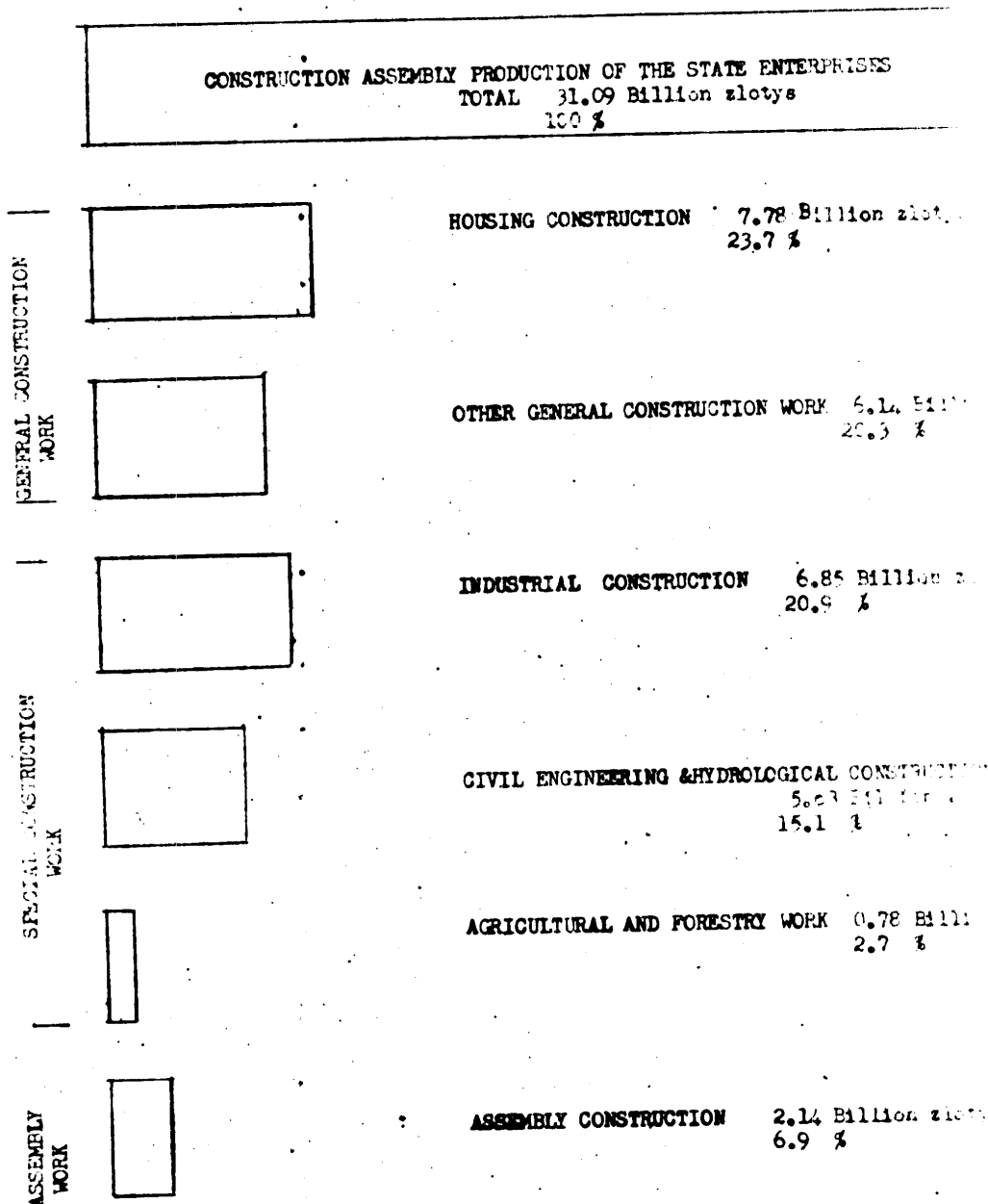
This decrease of own investments of the construction industry is the result of the attitude of the government which does not intend to expand the gigantic construction enterprises. The increase of construction will be obtained by an increase of the potential not only of the state enterprises but also of cooperative enterprises. Nevertheless, the position of the state enterprises will remain and they will grow parallel to the increase in socialized investments.

Summing up it can be stated that the plans contain some changes but no new major and principal shifts are observed.

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DIAGRAM IV.
THE PRODUCTION OF THE STATE CONSTRUCTION ASSEMBLY ENTERPRISES IN 1957
BY TYPES OF CONSTRUCTION IN BILLION ZLOTYS IN 1956 PRICES.
(Source: Small Statistical Yearbook 1958 page 67)



Scale: vertical lines 1 cm = 2 billion zlotys

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REPORT OF THE CONSTRUCTION ASSEMBLY REPRESENTATION OF THE STATE OF
 THE CONSTRUCTION SYSTEM BY TYPES OF CONSTRUCTION WORK YEARS 1960-1961

	A	B	C	DR
	A. GENERAL CONSTRUCTION	46 %		
	B. INDUSTRIAL CONSTRUCTION	23 %		
	C. ENGINEERING CONSTRUCTION	26 %		
	D. LAND MELIORATION	4 %	3-4 %	
	E. VARIOUS	1 %	1-2 %	
	PRODUCTION BY CONTRACTING SYSTEM 100 %			
HOUSE		HOUSING CONSTRUCTION	23 %	
IND		SOCIAL CULTURAL, SHOPS, WAREHOUSES, AND OFFICE BUILDING CONSTRUCTION	22 %	
CON		HOUSING, CAPITAL REPAIRS IN TOWNS AND SETTLEMENTS	6 %	
REPAIR		RURAL HOMESTEAD CONSTRUCTION	33 %	
Y.		FACTORY INDUSTRIAL CONSTRUCTION	22 %	
IND		MINING, TRANSMISSION ^{Electric} NETWORK INDUSTRIAL CONSTRUCTION	6.0%	
IND		INDUSTRIAL, CAPITAL REPAIRS	6.0%	
IND		TRANSPORTATION & COMMUNICATION ENGINEERING CONSTRUCTION	6.0%	
IND		COMMUNAL ENGINEERING CONSTRUCTION	6.0%	
IND		MINING TRANSMISSION NETWORK ENGINEERING CONSTRUCTION	3.7%	
IND		LAND MELIORATION WORK	3-4 %	
IND				

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